FISCAL MEMORANDUM
SB 828 – HB 2090

April 9, 2007

SUMMARY OF AMENDMENT (005595): Exempts the Division of Mental Retardation Services (DMRS) from the requirement to obtain certificates of need from the Health Services and Development Agency for ICF/MR non-facility beds established as a result of federal litigation settlements.

FISCAL IMPACT OF ORIGINAL BILL:

Increase State Expenditures - $2,737,000

Other Fiscal Impact – Increase Federal Expenditures - $4,801,900

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

Increase State Expenditures - $2,737,000 Recurring
Decrease State Expenditures - $21,000 Annually for Four Years
Decrease State Revenues - $21,000 Annually for Four Years

Other Fiscal Impact – Increase Federal Expenditures - $4,801,900

Assumptions applied to amendment:

- The individuals on the DMRS waiting list are individuals who are waiting for Home-and Community-Based Services (HCBS). Given the option, these individuals will choose the ICF/MR placement rather than waiting on an opening in an HCBS program.
- The additional ICF/MR beds that are being phased in are going to be filled by individuals currently in the developmental centers. This bill will lead to transfers from the waiting list rather than transfers from state facilities.
- The average inpatient rate for a private facility is $397.20 per day. A 30% inflator is assumed to provide services for the more medically fragile patients within the ICF/MR facilities. It is estimated that a medically fragile person on the waiting list will average a rate of $516.36 per day.
- The total increase per year for one individual from the waiting list being placed in an ICF/MR facility will be $188,471.40 ($516.36 X 365). The

- increase to state expenditures for 40 additional individuals is estimated to be $7,538,856 (40 X $188,471.40 = $7,538,856).
- The federal match rate is 63.695% which will result in $4,801,900 federal funds.
- DMRS will construct 28 ICF/MR homes over the next four years as a result of settlement agreements.
- Currently, there is a nonrefundable examination fee of $2.25 per $1,000 of the estimated project cost, but not less than $3,000 or more than $45,000 which is paid to the Health Services and Development Agency.
- DMRS would no longer be responsible for paying the fee which would result in a decrease of state expenditures of $84,000 (28 x $3,000). It is estimated that DMRS will construct seven homes per year, which will result in an annual decrease in state expenditures of $21,000.
- The Health Services and Development Agency will incur a decrease in revenues of $21,000 per year for four years as a result of the exemption.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

James W. White

James W. White, Executive Director

/kml